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C O N F I D E N T I A L SECTION 01 OF 02 RIGA 000519

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SUBJECT: AMBASSADOR BAILEY'S MEETING WITH RUSSIAN  
AMBASSADOR KALYUZHNY

REF: RIGA 481

Classified By: Ambassador Catherine Todd Bailey. Reason 1.4 (d)

¶1. (C) SUMMARY: In a June 29 meeting, Ambassador Bailey and Russian Ambassador Kalyuzhny discussed the security situation in Iraq; energy security; Latvian-Russian bilateral relations; the NATO Summit; the recent visit of Latvian President Vaira Vike-Freiberga to the U.S.; and Russia's desire to join the WTO. Although Kalyuzhny was less bombastic towards Latvia than in previous meetings, he was still downbeat on the bilateral relationship. He was also more negative toward the U.S. than in previous encounters. Kalyuzhny expressed strong and rather bizarre concern about the public diplomacy events surrounding the NATO Summit. END SUMMARY

¶2. (U) Ambassador Bailey met with Russian Ambassador Victor Kalyuzhny at the residence on the morning of June 29. Kalyuzhny was accompanied by his DCM and political counselor. Embassy pol/econ chief and pol/econoff (notetaker) accompanied Ambassador Bailey. Embassy FSN served as translator.

#### Security in Iraq

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¶3. (U) Ambassador Bailey opened the meeting by extending condolences on behalf of the United States for the murders of four Russian diplomats in Iraq. Ambassador Kalyuzhny noted that Putin considers these murders to be a serious security lesson for protecting diplomats and a problem that needs to be corrected. Kalyuzhny also said that fighting terror is something that the U.S. and Russia can do jointly.

#### Energy Security

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¶4. (C) Kalyuzhny, former Russian minister for fuel and energy, spoke at length on energy security in the context of the G8 Summit. He contended that other countries are politicizing energy security; Russia views it as an economic issue. "We have only what nature has given us, the rest is controlled by market forces," he stated. He urged the U.S. to encourage Europe to refrain from stoking the political fires on the issue. Ambassador Bailey noted that Latvian PM Kalvitis stressed the importance of Russia in the energy sector when he was recently in St. Petersburg. Ambassador Kalyuzhny replied with no sense of irony that this was a technique of the Latvians to avoid focusing on important things by talking about "irrelevant" topics like energy security.

#### Latvian-Russian Bilateral Relations

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¶5. (C) Ambassador Bailey congratulated Kalyuzhny on what appear to be recent positive trends in the Latvian-Russian bilateral relations with the meetings of Latvian PM Kalvitis with Russian PM Fradkov and President Putin (reftel). Kalyuzhny said that the improvements started when President

Vaira Vike-Freiberga (VVF) visited Russia last year for the May 9 celebrations. However, he said that progress stalled when Latvia added a unilateral declaration to the bilateral border treaty. Kalyuzhny also stressed that it was due to the efforts of the Russian Embassy in Latvia that these meetings occurred. (Comment: GOL officials, on the contrary, cite the Embassy here and the Russian MFA as among the biggest obstacles to the meeting with Fradkov. End comment.)

Kalyuzhny indicted that Russian PM Fradkov did not want to meet with Kalvitis, not because of who Kalvitis is personally, but because the top level of Latvian politicians make it difficult. Kalyuzhny then gave the example of VVF's recent visit to Finland and her alleged comment that Russia is not a trusted economic partner. After several inquiries by Ambassador Bailey on the format of the Intergovernmental Commission, Kalyuzhny downplayed it by saying the proposed bilateral Commission is just the standard way Russia organizes bilateral commissions. There are 54 elements of the Russian government represented in this group, which has subgroups on different bilateral issues. Despite repeated interest by the Ambassador, Kalyuzhny gave no hint of when Russia might name their cochair, as the Latvians have already done.

#### The NATO Summit

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¶6. (C) Unexpectedly, Ambassador Kalyuzhny then raised concerns over the public meetings that will occur on the margins of the NATO Summit. His DCM specifically complained about the theme of "global partnership." Interestingly, he did not say anything about the summit (Track I) agenda itself, and even displayed little interest. However, Kalyuzhny and his DCM showed concern over the conversations. Ambassador Bailey explained that attempts to highlight a host

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country on the margins of a Summit are not uncommon. Kalyuzhny said Russia was "against" the second track of meetings because it is believed that regardless of the agenda topic for the discussions, the Latvians would ensure that the dialogue would inevitably turn to historical relations and criticism of the Soviet Union/Russia. He claimed that VVF has set this negative tone in the past that others have followed.

#### President Vaira Vike-Freiberga's Visit to the U.S.

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¶7. (C) Ambassador Bailey informed Kalyuzhny that President Vaira Vike-Freiberga is, in Ambassador Bailey's views, very positive and focused on moving Latvia forward, and this was particularly reflected in her address before the Joint Session of Congress in early June. Kalyuzhny expressed interest in VVF's trip to Washington, and Ambassador Bailey informed him that VVF met with Secretary Rice, Vice President Cheney, and President Bush. Ambassador Kalyuzhny replied that VVF said very unpleasant things about Russia in her "secret interview" with CBS (an interview that no one at post or at VVF's office is aware of, despite attempts in researching it). Apparently, the Russian Embassy in Washington is reporting that this so called interview contained "inappropriate" comments on Russia.

#### Russia's Desire to Join the WTO

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¶8. (C) Ambassador Kalyuzhny asked why the United States is not allowing Russia to join the WTO. He claimed to know the answer to his own question saying that, "these days you cannot let everybody in." Kalyuzhny followed this by pointing out that now China is a member and is moving into all markets, saying it seemed to him that the U.S. is scared that Russia would also dominate global markets. He stressed that Russia would very much like to join the WTO, and caustically remarked that if the U.S. is going to block Russia's WTO accession, then the U.S. should refrain from criticizing Russia for not being a WTO member.

19. (C) COMMENT: During this meeting Kalyuzhny was less critical about the Latvians, except for the President, than he has been in the past. However, he cautioned the short term prospects for improvement in the bilateral relationship.

Although he was notably more critical of the United States and USG policies, he nevertheless continues to very much value these discussions and appreciates the work of both the U.S. and Russia on related security concerns. This was the first formal meeting with Ambassador Kalyuzhny in several months, and both graciously agreed to keep the lines of communication open. Kalyuzhny, never brief in his remarks, can be pointed in his comments and when he arrived in Riga two years ago his bombastic style and harsh criticism of the Latvians made for a rough start. In recent months, the Ambassador has noticed that Kalyuzhny has become more engaged with the Latvians and the diplomatic community, and appears more communicative and open at events.

Bailey